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The Result of the First-Period Five-Year
Administration and Outline of the Second-
Period Construction Plan.

Being the reference materials to the Five-Year Anniversary Lecture
of the Foundation of the Empire. (Information Department, General Affairs
Board, State Council.)

Results of the First Period Five
Year Administration

Introduction

Five years have elapsed since Manchukuo founded her country on
March 1, 1932 by the hope of thirty million people as a whole as well
as the assistance of our friendly country, Japan, getting rid of the
Chinese yoke; in this period the administrative and economic system have
been rearranged in outline, and the second-period Five-Year Plan will be
inaugurated in 1937, with which epoch-making construction activity will
be commenced dashing.

Now, in this case, it may be of interest to look back the results of
administration of those five years, inspecting how the policies promulgated
and promised by the government at the beginning of the foundation have
been put in operation, in other words in what degree the proclamation
of the establishment of Manchukuo and outline of economical construction
have been brought into effect.

I. Policies promised in the Proclamation of the Establishment. These are
as follows:

- A. The government must conform to the real will of the people.
- B. There shall be no discrimination with respect either to race or
creed.
- C. Dark administration shall be abolished.
- D. Revision of laws.
- E. Promotion of local autonomy.
- G. Able men shall be collected at large and men of talent shall be
appointed.
- H. The business shall be encouraged and natural resources shall be
developed.
- I. Unification of money market.
- J. Police and soldiers shall be trained and the calamity of
bandit shall be regulated.
- K. The education shall be spread and proper courtesy shall be
observed. Thus the final purpose was that "statecraft should be founded
upon the principle of Tao or the Way and Tao should be of Men or Heaven,
and it was designed to give enlightenment to the people who live within
the state and maintain the honor of perpetuating the peace of Eastern Asia,
thus setting a model example of good government to the world."

A. The government must conform to the real will of the people. Since the foundation of the new State, the government has designed to eliminate the evils of tyrannical administration and to bring into practice of an original Wangtao administration in conformity of government and people which is the reflection of harmony and cooperation among the races and the real will of the people. On July 25, 1932, the Manchukuo Concordia Association was established and discharges the duty of transmitting of the Emperor's wishes to the populace and to present the popular will to the superior as an organization of spread of spirit and virtue of the people. It is just the prefectural, provincial or central allied conference which is held every year. In July, 1946, the Concordia Association decisively reorganized its construction, on September 18 of the same year elucidated the fundamental ideals of the association, and commenced its positive activity as a political practical body.

B. There shall be no discrimination, with respect to either race or creed. In the Article 3 of Law of Protection of People's Rights promulgated as the No. 2 of ordinance of the Department of Education on April 1, 1932, it was regulated that "All people of Manchukuo, regardless of the race, shall be under the equal guardianship," and all people resident in Manchukuo are under the equal treatment and guardianship. In the old regime, Japanese nationals had extraterritoriality in Manchuria, but in June, 1936, treaty between Japan and Manchukuo concerning the Residence of Japanese subjects, taxation, etc., in Manchukuo was signed to abolish the right of extraterritoriality and to adjust and transfer the administrative rights over the South Manchuria Railway Zone and from July 1, 1936, Japanese subjects shall agree the application of the laws concerning taxation and further in near future the right of extraterritoriality will be completely abolished and Japanese nationals, as a leading element of five races, will be subject to the laws and ordinances of Manchukuo as
p.32 other races, and work there; consequently this has been a good chance to induce to the withdrawal of the superior position of the third nationals who have enjoyed the right of extraterritoriality formerly.

As you see in the Proclamation of the Establishment of Manchukuo the fact that "There shall be no discrimination among these people who now reside within the territory of the new state with respect to race and creed, including the races of the Hans, Manchus, Mongols, Japanese and Koreans; nationals of other countries may upon application as permanent residents acquire equal treatment with others and their rights shall be guaranteed thereby" is really put into effect. Consequently there is no discrimination among the people in every occupation, to say nothing of the officials of Manchukuo. At this point, there exists no discriminative treatment of races as in the old regime.

C. Abolition of dark administration. On April 1, 1932, Law of Protection of Human Rights was promulgated and it was regulated that "The Emperor who reign over the Manchou Empire except the case of war-time or emergent incident, shall guarantee the freedom and rights of the people as well as manage state affairs with justice, in accordance with the provisions of the present Law"; thus rights for "freedom of body," "fortune" and "religion" have been established and the foundation of a constitutional

state has been firmly laid down. Consequently the power of life and death which was formerly grasped by the militarists was gone and contract system which was attended by evils was abrogated. Furthermore Board of Supervision was established and the department of supervision has charge of the supervision of untrustworthiness and department of audit has charge of inspection of accounts and holds in check of illegality and unlawfulness. Thus the bright administration is put into effect.

D. Revision of laws. Since the foundation of the new State, special attention was paid to the reform of judicial system in order to enforce the withdrawal of the rights of extrajurisdictionality and outlines of rearrangement of legislation, improvement of judicial organs, firm establishment of judicial police and procurator's system and betterment of penal system have been determined and the government authorities took charge of putting into effect one after another. On the other hand, the improvement of judicial officers has been designed, and superior Japanese judicial affairs have been already appointed with excellent result. The results of the establishment of a judicial school under the Department of Justice as a training and education organization of judicial officers of Manchurian blood as well as a system of sending promising Manchu members to Japan to study jurisprudence are remarkably good.

The government endeavored also to protect evils distorted by the pressure of administrative power to the judicial power, to shake off the yoke of administrative power in order to keep the augustness of laws, and at the same to reform the evil custom of disregarding the judicial officers, to safe-guard the livelihood of the judicial officers, but to scoop out their evils if any without excuse in view of taking the populace to place confidence in both laws and judicial officers.

In addition to this, as a means of reform of penalty system, improvement of both personnel and material equipment was designed and also prison administration training institution and penal officers training institution have been established. The government has engaged to formulate such important laws as Civil Law, Commercial Law, Criminal Law, Code of Civil Procedure, Code of Criminal Procedure to complete within three years from 1935. Criminal Law was promulgated on January 7 of this year and is to be enforced from March 1 on. Code of Criminal Procedure will be promulgated in near future and Civil law, Commercial Law, and Code of Civil Procedure are expected to be promulgated till July of this year.

An act governing the Organization of Courts was promulgated on January 4, 1936, and regulations relative to the application of the same law was promulgated on May 21 and came into force on the 1st of July.

E. Carrying out of system of local self-government. In accompany with the firm establishment of central administrative organs, effort was also directed to the firm establishment of local administrative system; based upon the system of centralization of power as its fundamental policy, the government organization and other laws and ordinances have been promulgated or some of them are at revision one after another. That is to say,

1. Reform of provincial system. In December, 1934, the provincial system was decisively reformed, and the system of former

province, i.e. the independent province was abolished and it was made a province of administrative district of the State; further for the sake of application of the new law, local expense system was regulated which put on quite a new aspect.

2. Enactment of Special municipality system and common municipality system.

3. Abolition of special district in North Manchuria (January 1, 1936).

4. Firm establishment of prefectural system. The system of independence of each bureau of prefectural office was abolished, all bureaus were controlled unitedly, contract system of prefecture was abolished and justice of finance is expected.

5. Preparation for the firm establishment of system of town and village. As the less local administrative organ than prefecture, the system of town and village is under investigation at present. Definite opinion will be found in near future.

6. Enforcement of Pao-chia system. (Put into effect from January 1934). Pao-chia system was established with a view of keeping friendship with neighbors as well as with an object of auxiliary organization of police; in the present time when the local system has not completed, it plays an important part as a foundation of local administrative system.

G. Able men shall be collected at large and men of talent shall be appointed. In order to spread the Wangtad administration, the government took the policy to collect able men, to appoint men of talent, leaving no man of ability in the cold and endeavored to break down the evil customs of factionalism. In the former militarist regime, those who have risen to high positions were only those who had special relations to the administrators of the time and consequently men of no ability have risen to high ranks, getting high salary, when men of ability were left in poverty, living in seclusion and having no chance to exhibit their ability.

Since the foundation of the new State, our country has designed to appoint men of ability, to oppress the complicity of faction and clan, to put the right man in the right place in order to bring his ability into full play. The appointment of CHANG Shing-hui to the prime minister of the State in April, 1935 is a very good example. At the same time, the government has paid special attention to the selection and training of young men and also it is endeavoring to the renewal and clean-up of the discipline of government officials.

For such purpose, following facilities have been projected.

1. Establishment of training organizations of government

officials, Tatung Academy, Jurisprudence College of the Department of Justice, Police School, Training School of Financial Officials are to be established and system of dispatching Manchukuoan students to Japan for further study is adopted.

2. Opened the way for the appointment of men of ability by the examination.

p.33 H. Encouragement of business and development of natural resources. As the encouragement of business was the primary object of the foundation of the new State, the plan of promotion of business as well as establishment of economy was drawn up since the foundation and the outline of establishment of economy was published on March 1, 1933, the first year anniversary of foundation. The fundamental policy is as follows:—

1. Based upon the interests of the whole nation, the evil customs shall be broken down, the profits brought by the development of natural resources and the promotion of business to be monopolized by the people of a few classes and the co-prosperity of the whole nation shall be designed.

2. National control of important economic department.

3. As for the development of natural resources and the promotion of business, base upon the principle of equal opportunity and open door, the government endeavors to get capital from all of the world, to learn technology and experience of the senior countries, to collect creans of culture of all kinds and to take advantage of it effectively.

4. Strengthening of Japan-Manchukuo economic bloc. Those which may be controlled by the States are important enterprises in the nature of national defence or public benefit, transportation, communication, industries of iron, steel, light metal, gold, coal, oil motor car, sulphuric ammonia soda, and lumbering; other enterprises in general are left to the free positive management of private persons. With the view of strengthening of Japan-Manchukuo economic bloc as well as of developing of productive industries, Japan-Manchukuo economic commission agreement was signed on July 15, 1935.

I. Unification of money market. One of the most brilliant performances in those five years is the enterprise of the unification of money market. The Commission of Enquiry, Lord Lytton as Chairman dispatched from the League of Nations, at the beginning of the founding of the new state, described in the Chapter VI of the Report "Central Bank more likely to unify the currencies than to make them convertible. Unless the Central Bank can obtain more actual hard money than it now appears to possess, it can hardly hope to unify and stabilize all Manchurian currencies on a convertible silver dollar basis. Even if it were to succeed in creating a currency which was uniform though not convertible it would possibly have accomplished something, but even a uniform currency, the stability of which is not guaranteed by conversion, falls short of the requirements of a sound monetary system." Thus the enterprise of unification of currencies seems to be impossible to be carried out.

Nevertheless this great enterprise was accomplished with great success within only three years. 97.2% of ten billion and three hundred million coin of Kirin government notes, eight billion, one hundred and seventy million coin of Heilungkiang government notes, nine hundred and forty million yuan of Mukden notes, which had been called astronomical number, was withdrawn till August, 1935, and Mataiyang notes (issued by Ma Chan-shan), Jehol notes and various other special kinds of notes called "Sautic" have been readjusted and further special currencies as Kuoluyin, Chempingxin, large and small coins have been also readjusted and thus state currency was unified. At the same time when the monetary system was unified, the government set about controlling currency with a view of stabilizing prices in order to maintain the value of state currency as well as to arrest the rise and fall of prices affected by the change of monetary value.

In August, 1935, Manchukuo currency reached parity with the Japanese currency and both governments of Japan and Manchukuo issued an important statement with respect to the currency policy on November 4, 1935.

As soon as the Industrial Bank of Manchou was organized in December, 1936, the business of three banks in Japan, i.e. Bank of Korea, Bank of Cheng-lung, and Bank of Manchu was absorbed by the former, the sphere of circulation of paper currency issued by the Bank of Korea is getting smaller and smaller and the notes issued by Yokohama Specie Bank which had long history and credit as for the special transactions, has been stopped of their circulation.

Thus in Manchukuo, state currency was unified in single color and the great enterprise of unification of monetary system was completed.

J. Polices and soldiers shall be trained and the calamity of bandit shall be regulated. Recovery, maintenance and preservation of public peace and order were the State policy since its foundation. Since then, as the government made its best exertions for the regulation of the calamity of bandit, the number of bandits which was summed up nearly more than two hundred thousand in the former regime was reduced to less than one tenth at present and these remnants scattered and escaped in the forests or mountains to find the chance to dare counter-attack concealing themselves in impregnable place. But they shall be eradicated in near future. Our friendly country, Japan, based on the spirit of Japan-Manchukuo protocol, arranged Japanese troops at scattered disposition in order to take charge of peace preservation and our government also designed the improvement of nature of policemen and the construction of the national army in order to preserve public peace and order in the country in collaboration with each other.

Chinese proverb says "Gentlemen will not volunteer a soldier." Formerly army and police have been an object of common hatred. So, in our country, in order to break down this evil customs, the fundamental reestablishment of army and police was carried out.

1. Arrangement of national army.

a. First period of arrangement (from March 1932 till April 1933). Improvement and completion of human elements. Establishment of central training institute.

b. Second period of arrangement (from May 1933 till March 1934). Arrangement of organization (establishment of the Horse Bureau, establishment of military police training organ).

c. Period of arrangement of national army. Self-consciousness of the army under the direct command of His Majesty the Emperor. Encouragement of the spirit of the national army. Enactment of system of administering of an oath and eight articles of oath of military men. Grant of Imperial rescript for military men. Grant of military flag by His Majesty the Emperor. Parade. Special review.

Thus the national army has undergone a complete change and has been led to take on the burden of peace preservation in the country and moved for bandit suppressions frequently with exploit.

2. Improvement of the nature of policemen. With the establishment of police administration, the evil customs of the police system in the former militaristic regime have been broken down, reform of police organization as a whole was carried out and the improvement of the nature of policemen was designed. That is to say, following matters were carried out:—

a. Appointment of police leader (police leader of Japanese blood.)

b. Reeducation of Manchurian policemen and establishment of training institute. To establish central police school (in Heinking) and policemen training institute in every province and prefecture.

c. To dispatch superior policemen to Japan and let them stay as long as one year in the police training school of Home Ministry of Japan.

K. The education shall be spread and proper courtesy shall be observed. On April 1, 1932, the government promulgated an ordinance to publish the policy of education, in which the education based on the San Min Principles was prohibited and all schools were instructed to teach the Confucian Scriptures. Since then the education based on this principle was designed to spread completely.

1. School education.

a. Increase of pupils entering a school

b. Elevation of the general standard of the teachers.

Establishment of Kirin Teacher's Training College, teacher's educational institute and local teacher's educational institute. Despatch of teachers to Japan.

c. Compiling and distribution of text books.

d. Encouragement of business education. New establishment of Mukden Agricultural College, Hsangan educational institute.

2. Social education.

a. Diffusion and development of popular schools, popular educational building and libraries.

b. Diffusion of cultural work, education by cinema, radio lectures, selection of village of establishing culture.

c. Training of leaders of social education.

d. Organization of mental training society.

Organization of Children's Corps, Youth Corps, Woman's Society. New establishment of Manchurian Athletic League.

3. Proper courtesy shall be observed (enterprise of social code of etiquette).

a. To restore the Confucius Festival, to repair Confucian Shrine (Tacheng-Tien), to respect the social code of etiquette and to give evidence of moral state.

b. Establishment of "Kuolo" society

c. To honor dutiful children and faithful wives.

II. How have various policies of outline of economic construction taken concrete shape? On March 1, 1933, the outline of economic construction of Manchukuo was published with which the government announced the statement on fundamental policy of economic construction, means of economic control, perfection of means of transportation, development of agriculture, development of mining industry, rearrangement of money market, aides to commerce, improvement of private economy; four years have elapsed since then and these policies have been put into effect one after another with better results than expected. To explain in concrete form, they are as follows:

A. Perfection of the means of transportation.

1. Railroads. "In the construction of railways, the primary object will be the development of the economic wealth of this country; and the safety of national defence and the maintenance of public peace will also be sought for." Under this policy, the total length of railroads, when completed in the future, was designed to reach 25,000 kilometers; especially in the next ten years. 4,000 of new lines were designed to be laid, making a total of 10,000 kilometers by adding the existing railroads. At present (at the end of 1936), the total length reached nearly 9,000 kilometers of which the new lines were as long as 3,200 kilometers; therefore eighty percent of the new lines of the ten-year plan was completed by the five-year plan and the total length reached ninety percent.

The management of the important railroads was entrusted to the South Manchurian Railway Co. from March 1, 1933 and the latter reorganized the constitution of Bureau of General Affairs and planned the rationalization of management.

2. Harbors. With the object that "besides the harbors in our country, those in adjacent countries will be effectively utilized in order to accelerate the economic development of Manchukuo and to effect a most economical connection between the producing districts and sea ports," improvement was made on both harbors of Yingkow and Antung and the harbor works of Hulutao is going on.

3. Rivers. In order "to promote the transport facilities on the Amur, Sungari and Liao Rivers, in view of the important nature of rivers," the government met the need of controlling the water transport administration; therefore first of all the government has dissolved or amalgamated those organizations recklessly established in the period of former regime and on July 1, 1933 established a government organization of local navigation administration bureau, established navigation administration bureau in Yingkow, Antung, and Harbin; and then on August 1, 1934, established Heiho branch office of Harbin navigation administration bureau and made it the organization of application of local administration of water transport. Important matters after the foundation of the new State:—(a) Agreement relating to the improvement of navigation conditions concluded between the Manchukuo Harbin Navigation Bureau and the USSR State Amur Shipping Bureau. (b) Succession of bureau of progress of work of Liao River. (c) Investigation of waterway of rivers and arrangement of navigational signs in North Manchuria. (d) Reorganization of Navigation Society (Harbin, Yingkow, Antung, Kirin) (according to the Law of navigation society).

The government has entrusted the management of waterways of the Amur River and the Sungari River *to the South Manchuria Railway Company*

4. Roads.

"In order to provide facilities for communication and to preserve public peace and order, the total length of roads of nearly 50,000 kilometers shall be constructed or repaired in ten years, which connect important cities and prefectural towns, or which are necessary for the development of a backward region or the national defense."

For carrying out this road program, the Government, in March, 1933, established the Bureau of State Highways, and undertook to carry out after the investigation of State Highways Council. By the end of December, 1936, total length of nearly 1,000 kilometers were completed which corresponds to 20% of the plan. In addition to this, five large bridges to build over large rivers in the country and flood protection works were carried out in Harbin, Hsiao, Taonan, Antung, most part of which were completed.

"Hereafter on these roads motor traffic shall be developed throughout the country." For this purpose motor cars of State enterprise shall be run on the State Highways and the Bureau of General Affairs, Department of Railway manages it. The number of roads under the management of the Bureau of General Affairs at present is fifteen lines, the total length of which sums up more than five thousand one hundred kilometers. Moreover, the total length of roads under private management is four thousand five kilometers, which are managed by twenty-six companies.

5. Communications.

"Special attention shall be paid to the unification and good service of communications inland and foreign mail service is expected to be completed."

"The wire and wireless electric communication shall be managed with unification, improvement and extension of economic main line and branch-line attached to it as well as telephone facilities in the important cities and also expansion of radio broadcasting facilities shall be carried out."

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To meet the need of establishing for that purpose, the Government has decided to establish Manchuria Telegraph and Telephone Company, as a Manchukuo-Japanese joint undertaking and to make them manage under the unification of electric administration of both Japan and Manchukuo. As for the present company, on March 26, 1933, Agreement concerning the Establishment of Manchuria Telegraph and Telephone Company was established, on August 31, the inaugural meeting was held, and on September 1, of the same year, the service was opened.

In connection with the taking over of the North Manchuria Railway, in March, 1935, the communication enterprise along this line managed by the said company, was transferred to Manchoukuo and at the same time the private telephone was prohibited and thus the unified control of railway communication was put into effect. Internationally, by the solution of the pending China-Manchoukuo communication question, the wire telephone communication service was opened between the two countries in March, 1935. Furthermore, for international communication, an antenna was built in Hsinking and international communication is being carried out for the United States of America, Germany and France.

Radio broadcasting is also in the hands of the Manchuria Telephone and Telegraph Company just like telegraph and telephone, and there are four broadcasting stations, at Hsinking, Mukden, Harbin and Taiyuan, and there is a concert room in Kirin. One hundred kilowatt transmitter was installed in Hsinking station in November, 1934, and the Harbin broadcasting station has also been re-equipped. In Hsinking, double broadcast was opened in December, 1936, and the promotion of culture of the people as well as the enhancement of the spirit of foundation are aimed at.

6. Air Routes.

"Taking into consideration of the progressive tendency of the times, in order to promote the advancement of air transportation, the Government will entrust the management to the Manchuria Aviation Company which has both superior materials and techniques, and for the present, in the following three years nearly 3,500 kilometers of air routes will be developed and further in future air routes between Europe and Asia as well as between various places of Asia will be developed."

The Manchuria Aviation Company, as a Manchoukuo-Japanese joint undertaking, was established in September, 1932, and the business was opened in November of the same year. The internal air routes connect all important towns, from Great Heiho in the north, Manchuria, Maoho in Szechuan Province, and Hulin in the west, to Tun'gling in the eastern border. The total length of air routes reached nearly 3,000 kilometers in 1932, nearly 3,500 kilometers in 1933, nearly 5,000 kilometers in 1934, and nearly 7,000 kilometers in 1935 which is more than twice as long as projected air routes.

7. "Capital Hsinking shall be established as a model city with an area of two hundred square kilometers and five hundred thousand of population." In accordance with this policy, Bureau of Capital Construction was established in 1932, and a projected five-year plan and set to work of the construction of the first period. This plan is expected to be completed in July of this year (1937) as projected. It really displays wonderful development of Manchoukuo to find a modern cultural city as her capital in the vast field suddenly where villages with a few farmers' houses scattered several years ago.

"As for the cities of Mukden, Harbin, Kirin and Tsitsihar, modern city plan is expected to be projected in proper time."

Modern city plans have also been projected to the cities of Harbin, Mukden, Kirin, Tsitsihar, as important cities of Manchoukuo, and as they go into operation one after another, these cities will have aspects of beautiful modern cities in the near future.

II. Development of Agriculture

Agriculture is the mainstay of our national economy. The objective for the increase of farm produces lies in planning to become self-sufficient in those products which at present must be imported from abroad, as well as in striving to export in greater quantities agricultural produces in general and thereby secure a large measure of happiness and benefit for the rural masses and elevate their standard of living.

1. Farm Products.

According to the said objective, in order to improve the qualities and increase the output of soya beans, kaoliang, millet and maize which constitute the staple products of Manchoukuo, the government took the measure to spread improved seeds so as to exchange the old beans which farmers possessed with the improved seeds in equal quantity and moreover the government stood the expenses of transport, distribution and disposal of beans exchange. For the sake of experiment, to improve the qualities, an experimental farm station has been established in Koshan and Ningan.

"The total cotton acreage should be increased to 300,000 cho (735,000 acres) and the annual output of cotton to 150,000,000 kin (122,000,000 pounds). To attain this objective, in 1933, twenty-year cotton increased output plan was projected, and afterward it was changed to ten-year plan of cultivation of as large as three hundred thousand cho. As an organ of leading and encouraging of cotton cultivation, Manchurian Cotton Association was established in Mukden, and forty-five branch offices are established in both provinces of Fengtien and Chinchow where nearly eighty engineers are stationed who assume leadership of the projected places of encouragement. On the other hand, the establishment of cotton cultivation union was designed and at the end of 1934, thirteen branches were established which control thirty-one places. As an organ to dispose of raw cotton, a special company, as Manchuria cotton joint stock company, was established which was under the control of the government and subsidy was given. It established thirty-one purchasing shops at various places of the whole Manchuria.

"The total future wheat acreage should be increased to 2,300,000 Japanese cho (5,635,000 acres), and the total output of the crop to 20,000,000 Japanese koku (99,200,000 bushels)." (Outline V.A.2,c)
This is the objective of the crop of wheat. In 1933, the crop was 97,448 kin, and in 1932, 128,843 kin. To replace three or four hundred thousand

metric tons of imported wheat by inland output by the principle of self-sufficiency, increased output is designed and improvement of both quality and cultivation is contrived. Superior seeds distributed since the advent of the new State were as many as one hundred thousand bushels and most of them were distributed in the area of Pin-Pei line, Tsi-Pei line, and the lower reaches of Sungari River. The result is superior.

The government also encourages the cultivation of other special crops, that is to say, tobacco, hemp, peanut, sesame, castor, hop, sugar beet, fruit tree, vegetables, and others, and safeguards and encourages sericulture of wild silk cocoons; thus the government is designing improvement of polygonal agriculture.

As the establishment of "promoting the prosperity of agricultural economy," the establishment of agricultural experiment stations (Kochan, Chin-hsien, Ningan, Harbin), posting of agricultural guide stationing in prefectures, education of agricultural guides, organization of farmers' body, establishment of model agricultural villages, assistance to agricultural honey market, extension of market for special products, establishment of agricultural storehouse, can be mentioned.

2. Stock Breeding.

The chief concern in developing the stock-breeding is "to improve the stock as well as to increase the number of domestic animals," and it is being put into operation.

p.36 The objective of improvement and increase of domestic animals is that "the existing breed of horses will be improved, as a result of which two million select breeds," "at least four million of merino" and "two million, seven hundred thousand cattle" are to be obtained and "hogs will be produced to meet home consumption." For this purpose, a merino improvement station was established in Changyang, a merino guild was organized in every prefecture of Chinchow Province, a veterinary surgeon training school was established in Mukden, and a local breeder station was established in every province as an organ of raising of breed of hogs, chickens and honey bees. As for horses, the Horse Bureau takes the charge of improvement of horse breeding from the point of view of national defense, establishing stud-horse station, keeping stud-horses to land, as well as stud-horse raising meadow with the aim of supplementing these horses. On the other hand, completion of organization of prevention of epidemics was projected and a cattle health member was stationed therein.

3. Forestry.

"The principal object of forestry will be to endeavor to restrict and control the indiscriminate felling of trees, and to protect and increase the production of trees, as well as to preserve the production capacity of forests through rationalised management." "All existing rights of forest-ownership will be readjusted and State forests should be administered by the State."

"Public and private forests will be encouraged to conduct rationalized management under Government supervision. Afforestation will also be fostered with the view of developing the industry." These were the policies of designing the development of forestry.

The government designed the readjustment of forest administration organization and established forestry station under the direct control of the Department of Industry. For the readjustment of the rights of forest ownership, in June, 1934, a law of readjustment of the rights of forest-ownership was enacted, right of forest-ownership investigation commission was established, and the readjustment of general rights of forest-ownership was enforced.

To administer and manage the State forests, "felling by the government, felling by groups, establishment of transportation of lumbers (construction of forest railroad), opening of forest road," were put into effect. As the facilities of safe-guard of State forests, establishments of forest safe-guard association and fire arresting line may be mentioned.

Further, afforestation, young tree cultivation, establishment of forestry laboratory, encouragement of afforestation, education of farmers for afforestation have been brought into practice.

Manchoukuo forestry stock joint company was established with a view to letting it conduct rationalized management of both public and private forests, and the Yalu Felling Company (Manchoukuo-Japanese joint concern) and other forestry companies are under Government supervision.

4. Marine Products Industry.

As a fishing equipment, a Fishery Bureau was established in Yingkou which carries on general fishery administration and experiment and investigation of marine products and disposal of fishery, establishment of an area of protecting fishery in the north part of the Yellow Sea and Pohai (enforced since May 2, 1935), revision of agreement relating to fishery in the front sea of Hsiung yueh cheng (November 12, 1934), control and supervision of marine products market, enactment of fishery ordinance (projected to be soon promulgated) may be quoted.

With a view of development of salt industry, the Manchuria Salt Industry Company, a joint Manchoukuo-Japan enterprise, was organized on April 21, 1936, and under the supervision of the Department of Industry, the company is engaged exclusively in the production, sale and exportation of Manchurian salt as well as in the working and sale of subsidiary products. The company has improved the former salt fields and produces two hundred thousand metric tons annually, some part of which is exported to Japan and other part is used for the chemical industry of both China and Japan.

5. Land.

"A survey of lands will be started immediately, land system established, and evils which attend the unscrupulous annexation of land will be prevented."

In accordance with this policy, the Land Bureau was established as a subsidiary bureau of the Department of Civil Affairs, which engaged in the investigation, and in March, 1936, the Bureau of Rearrangement of Land-Register was established, which engages in the matters relating to the settlement of land register, inspection of rights of land, and firm establishment of land-system. Furthermore, a land-system investigation commission was established, which engages in the important matters relating to the land system.

As the ordinances relating to the readjustment of land, "Law of inspection of land" (March, 1936), law of readjustment of rights of borrowing land (September, 1935), and regulations to the law of readjustment of rights of borrowing land (September, 1936), were promulgated.

"A special organ will be created for the cultivation of the untitled land, and within fifteen years about five million cho of it will be developed by agricultural settlers."

In accordance with this policy, the Government has decided to establish the Manchuria Colonization Joint Stock Company in order to encourage emigration and to promote the development of land and by promulgating the law of the said company in December, 1935, the special company of Japanese-Manchoukuo joint enterprise was formally inaugurated.

As an organ of colonial administration, a colonial administration section (July, 1935), was established in the Department of Civil Affairs and colonial administration managing office in Manchurian Prefecture where the business for preparations of transplanting colonists into the colonial soil is managed and the guidance of both colonists and natives is carried out.

Moreover, the Manchoukuo-Korean Colonization Company was established to treat Korean colonists.

C. Development of Mining and Manufacturing Industries.

"The policy in regard to these industries will be designed to increase the wealth of this country by enriching the people's economy and increasing the national wealth through exploitation of mineral resources, and establishment of basic industries as well as those necessary for national defense." The Government is designing the plan of development according to this policy.

1. Mining Industry.

The abundance of mineral resources in Manchuria is well known, both at home and abroad, and the useful mineral resources ascertained so far are

iron, coal and gold (placer). Since the advent of Manchoukuo, the Government recognized the importance of the exploitation of abundant mineral resources and promulgated the Mining Law (enforced on September 1, 1935) in order to subject under State control or to promote the exploitation from the point of view of national defense or preservation of national resources in which the term minerals as used in the present law was defined and the control of both State and private enterprises has been put into effect.

"By unifying the various coal mines and rationalizing production and supply of coal, efforts will be made to supply the public with ample quantity of the fuel at reduced prices, and also to augment its export."

As the means to carry out this policy, a special company, the Manchuria Coal Mining Company, was established (on February 27, 1934), which engages rationalized exploitation of the coal fields of whole Manchuria as well as unified control of the coal trade ranking with the Coal Mining Department of the South Manchuria Railway Company. Since its establishment, the said company has signed a five-year development plan and manages directly four coal fields in Fuhsin, Fatschen, Fuchon and Lanchow, and also has a strong control over the coal fields in Haolikang, Hsian and Peipiao, by obtaining most part of the shares.

In order to carry out rationalized supply, the Japanese-Manchoukuo Trading Joint Stock Company was established as a joint enterprise of the Trading Department of the South Manchuria Railway Company and the Manchuria Coal Mining Company and started business on October 1, 1936.

p.37 "As a rule the mining rights of mineral resources essential for national defense must be held by special corporations so as to prevent reckless and uncontrolled mining operations and facilitate the opening of new pits.

"Alluvial gold and gold mines will be classified into two: the one owned by the State, and the other privately, the latter to be opened to public exploitation."

In accordance with this policy, following special mining companies have been established:

- Manchuria Gold Mining Company -
 - Special corporation of Manchoukuo
 - Capital: MNT2,000,000
 - Establishment: May, 1934
- Manchuria Mining Company -
 - Special corporation of Manchoukuo
 - Capital: MNT5,000,000
 - Establishment: August, 1935
- Manchuria Oil Company
 - Special corporation of Manchoukuo
 - Capital: MNT10,000,000
 - Establishment: February, 1934

Manchuria Light Metal Company
 Special Corporation of Manchukuo.
 Capital: ¥ 25,000,000
 Establishment: November, 1933

As an organ of mining administration, mining affairs section was established in the Department of Industry and as local supervising inspector's offices were established in Mukden, Asimuta, Taitshier and Chongto which engage the inspection of mining industry as well as various business relating to the enforcement of Mining Law under the control of the Section of the government.

2. Manufacturing Industries.

"The undermentioned industries will be developed by degrees under government control according to domestic demands:

Iron and steel industry, machine manufacture, Oil milling, pulp industry, alcohol manufacture, tannery silk industry, spinning industry, flour milling, cement manufacture, brewing and distilling industry.

"Industries not included in the foregoing list will for the time being be permitted to develop freely, but, whenever necessity arises in the future they will be properly controlled."

According to this policy, the government adopted the principle of permission for the management of manufacturing industries and the companies already permitted are:

Oil - 1	Beer - 1
Alcohol - 1	Vegetable oil - 2
Cement - 1	Tobacco - 1
Motor car - 1	Sugar - 1
pulp - 4	Machine - 1
Other industries - 15	

"Electrical industries will be placed under unified management in order to provide the country with a sufficient supply of power at low cost." For this purpose the Manchuria Electric Company was established in November, 1934, capitalized at ¥ 90,000,000, under joint Japanese-Manchukuo investment.

Further the control of technical side and the unification of frequency have been enforced.

3. Conditions for industries.

"In order to stimulate a healthy development of industries, and to secure the benefits of concentrated establishments, industrial districts will be established in the following places: Mukden, Antung, Harbin, vicinity of Kirin."

According to the city planning, in the above-mentioned cities, industrial areas were established, facilities for power, fuel, money market and other were provided and the advancement of industries are being promoted.

D. Adjustment of Money

The policies of adjustment of money are:

"1. The Central Bank of Manchou will speedily dispense with its subsidiary business and labor to regulate and stabilize the currency, and be exclusively responsible for its control." Among the subsidiary business, printing was transferred to the necessary articles station, pawn business to the Fehsing Company and some part of its business to the newly established Industrial Bank of Manchou.

"2. Popular financial organs such as industrial and credit associations, and other general financial establishments will be readjusted, and appropriate measures will be adopted to aid and regulate their business."

As the above-mentioned facilities, law of credit guild was enacted and promulgated, the number of guilds established between 1933 and 1936 was 103, the number of members summed up to nearly 142,600 and capital paid to 760,000 yen.

And in order to control the pawn business which plays an important part as a popular financial organ, law of pawn business was promulgated and interest and term of forfeit of pawn were determined in order to safeguard the interests of populace.

"3. With the object of encouraging thrift among the people, the system of postal savings will be improved and developed."

The system of postal savings in our country was established in May, 1933 and during two and a half years since then, the number of savings depositors were thirty-nine thousand and the total savings deposit was nearly three hundred and twenty thousand yen; furthermore in November 1936 depositors were one hundred and three thousand, and the total savings deposit was 6,725,000 yen

E. Aids to Commerce.

"Every assistance and encouragement will be given to general commerce, and its prosperity will be enhanced by securing smooth transactions, and finding markets for their products in all parts of the world. In this respect, the desirable traits of our merchants will be further encouraged, and old conventions which requires reform will be rectified, so as to nationalize business transactions. The supply and prices of the necessities of life, and other articles which have important bearings upon national life will be properly regulated."

The reason why the commerce in our country is still primitive is that, before the advent of the new State, no consideration was paid to

the aids to commerce, or rather the commercial right was exclusively taken by merchants under government patronage as well as assisted by militarists and also excessive issue of paper money, corner of special products must have prevented the advancement of commerce.

The Government, since the foundation of the new State, designed to abolish these evils, to promote the wholesome development of commerce and to supply necessities of life properly.

First of all, in order to rationalize the transaction system, the organization of exchange was revised and the exchange company was established in Harbin in October, 1933.

As for the market, it is being projected to bring up the modern market systematically controlled out of the let-alone one. For this purpose, law of central wholesale market was promulgated in February 1934, p.38 it was opened in Harbin in January 1935 and established successively in Kirin, Hsinking and Mukden. This establishment underwent a renewal and purchasers get benefits.

There are nearly three hundred Chambers of Commerce which were established with a view of safeguard and promotion of interests of commerce and industry as well as of smooth connection of fellow traders from the time of former militarist regime. And as they are of high social standing, it is quite necessary to develop them healthily. Therefore, the Government recognized the necessity of rearrangement of legislation relating to their organization and control and is drafting new law of Chambers of Commerce and industry of Japanese side.

"Laws governing patents and trade marks will be promulgated, and right of industrial ownership protected. Regulations governing deposit or trust and insurance will likewise be enacted, weights and measures will be unified, the system of produce exchanges will be improved, and in general advanced facilities in regard to commercial transactions will be instituted." As for the right of the trade mark, as one of the rights of industrial ownership, the Trade Mark Law and Detailed Regulations for the Enforcement of the Law were promulgated in September 1933 and enforced on November 20, of the same year. The total number of applications for trademark registration were more than twenty thousand from this enforcement to the end of 1936.

On the other hand, in accompany with the enforcement of the law of trade mark, law of patent, law of design and associated laws were promulgated on April 9, 1936 and enforced on June 15 of the same year. Number of applications on that day was two thousand eight hundred of patent and more than two hundred of design, which totals more than three thousand.

Thus the system of protection of industrial ownership in Manchoukuo was completed. In accompany with the completion of the above-mentioned legislations, the organization of the former bureau of trademark was enlarged and renamed patent bureau.

The Government continued the investigation about the unification of the system of weights and measures since the foundation of the new State, and at last in January 1934, the Weights and Measures Law, in February of the same year regulations for the enforcement of the same law were promulgated whose date of enforcement was determined to be March 1, 1934 when the imperial regime was determined to be put into operation. At the same time, bureau of weights and measures was established. And then the Measurement Law, which has close relation to the Weights and Measures Law was enacted in July, 1935 and the regulations relative to the application of the same law were enacted and promulgated in September of the same year. These were enacted to unify all weights and measures which were included from the Weights and Measures Law of 1934).

On the other hand, as an organ of supply of all implements for weights and measures under the new system, Manchuria Measuring Implement Joint Stock Company was established as a Japanese-Manchoukuo joint concern under the control of the Government and it was trusted to monopolize their manufacture.

"The tariff policy will be designed to promote foreign trade and international transactions."

As the tariff policy, when the Government took over the custom houses, the tariff rates of the Chinese Republic were adopted, which were abound of anti-foreign color. Therefore, the Government has set about making investigation to revise the rates and in July, 1933, the first customs tariff revision was enforced. That is to say, the new tariff policy was adopted to strengthen the special relation between Japan and Manchoukuo, with the prime object of revision of tariff rates on materials necessary for the construction activities of Manchoukuo as well as her industrial development and also necessities for the livelihood of the people.

Furthermore, before this, on April 17, 1933, maritime customs Tael which was the former taxation unit and also gold unit were abolished and Manchoukuo yen was determined to be used.

The second tariff revision was carried out in November, 1934. The radical change in trade conditions and assuming definite shape of various industrial development policies after the first revision necessitated a fundamental revision. Commodities coming under the policies of revision enumerated 118 for these relating to import duties and 23 for those relating to export duties.

Furthermore, the Government contracted German-Manchoukuo Trade Agreements, designed the adjustment of foreign trade enacting Urgent Trade Control Law, established the bonding system and established the custom broker system, which contributed to the promotion of the foreign trade as well as the smoothness of the transactions.

F. Improvement of Private Economy.

The Government of Manchoukuo desires to improve the private economy of this country and will not tolerate the existence of any class of idlers in the country; it will encourage the virtues of self-dependence and cooperation with others, for which objects the following measures were adopted:

- "1. The lives and properties of the people will be safeguarded with all available means.
- "2. Necessary arrangements will be considered by the Government and people to prepare against famines and other natural calamities, and thereby prevent starvation among the inhabitants.
- "3. National power will be expanded by readjusting taxation, and by rationally dividing and lightening the burden of the people.
- "4. The necessities of life will be supplied to the people at low prices.
- "5. The fruits of mutual assistance will be secured by effecting a sound development of various industrial and credit associations.
- "6. Measures will be provided to give work to the unemployed."

In order to execute these objects, the Government has taken every means during these five years.

For the natural calamities and bandit disasters which unhappily happened since the foundation of the new State, the Government made its best exertions to make the best of them.

Emergency warehouse system, auction system, revision of taxation system, circulation of money in the agricultural villages, establishment of fraternal societies may be numerated as their examples.

* * *

As above-mentioned, Manchoukuo carried the proclamation of the establishment and fundamental policies for economic construction into execution faithfully and attained splendid achievement and most of them display better results than expected. You may easily draw your conclusion if you compare these results with the reports of the Lytton Commission of Inquiry and the Parnby Commission of Enquiry.

If you compare above-mentioned results to those of the Soviet Union and the Chinese Republic and investigate how many percents of their promised policies have been put into execution, you would recognize our splendid achievement.

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OUTLINE OF THE SECOND PERIOD
CONSTRUCTION PLAN
(PROSPECT OF THE SECOND-PERIOD
FIVE-YEAR PLAN)

Various Conditions to meet the need of positive
Construction Plan

39 Having regard to the result of past five years, our country is going to undertake positively the activity of positive construction and the outline of the plan was announced at the conference of Provincial Governors and chiefs of General Affairs Board held at the beginning of this year. In carrying out this second period construction plan, the projected success can not be expected without zealous cooperation of the whole nation. Therefore, we shall explain various conditions to meet the need of designing the second-period positive construction plan and of its successful prosecution surmounting all difficulties and also outline the general aspects of the second-period construction plan.

The conditions to meet the need of drawing up the second-period positive construction plan may be summarized into the following two facts:-

- A. Inevitable stage of development of Manchukuo.
- B. Strengthening of Japan-Manchukuo economic bloc.
- A. Inevitable stage of development of Manchukuo.

It is five years since the foundation of our Manchukuo and during that time through the wholehearted support and cooperation of Japan, and high moral character of Emperor as well as unremitting efforts of the Government and people, the State has succeeded in rearranging the administration and economy and in laying a solid foundation for their future developments.

As the administrative course of those five years has been a fundamental activity for future development, positive activities in various parts such as finance, economy and industry has been controlled till present time. In other words, the financial administration keeps its sound financial policy, the provincial finance also keeps the same principle; as for the industrial development, the Government has controlled the drastic measure and endeavored to the fundamental

and real investigation in order to render secure the life of the nation.

In view of the trends of the people, at the beginning of the foundation of our Empire, uneasiness and impatience have been accompanied with the political reform, bandits appeared and consequently the whole country was busy for the maintenance of public peace and order and stabilizing of popular sentiment. In addition to these incidents, natural calamities occurred one after another, and flood, bad harvest and others dealt a heavy blow on economy. On the other hand, world economic depression affected the economy of Manchukuo, caused the lowering of the price of special products and hence the economical circle suffered profound depression.

To get out of this depression as well as to realize the hope for future development, the Government determined to surmount all difficulties with patience and succeeded at last to tide over these difficulties somehow or other. The general policy of the Government of those five years was the negative measure of surmounting difficulties and of excluding pressures. The Government could not take any other means than that in its situations at that time.

Now our country is repaid for the hard struggle by completing the fundamental activity anyhow, finding a bright future and promising to commence positive activity. In other words, the clothes which Manchukuo put on for those five years has been too small as the result of the growth of the country and she is obliged to prepare new one, and Manchukuo has got sufficient ability to have this new one.

.39 B. Strengthening of Japan-Manchukuo Economic Bloc.

Strengthening of Japan-Manchukuo economic bloc is necessary even under the peace-time system and it was gradually carried out since the foundation of the State.

In order to strengthen the Japan-Manchukuo economic bloc for the sake of maintenance of everlasting prosperity of the nation taking counter-measures for both the transfer of present international situations and the change of Far East situation, it is not sufficient to keep the present condition, therefore the government designed the second-period economic construction plan to enable Manchukuo to develop resources necessary for her national defense and for the eventual establishment of self-sufficiency of goods for consumption within the country as well as to supplement the resources of Japan

II General view of Construction Plan.

The nucleus of this plan is the Five-Year Industrial Plan which aims:

- A. To establish and expedite important industries.
- B. To promote national economy.

A. Firm establishment of important industries.

For the general purpose of permanently stabilizing the livelihood of the people and of enhancing the relationship of co-existence and mutual prosperity between Japan and Manchukuo, the fundamental prosperity of important industries must be achieved. Consequently the government has designed the plan of the development of natural resources and the establishment of such important fundamental industries as coal mining, iron mining, and coal liquefaction.

(1) Plan of increased production of coal.

Coal, with an estimated deposit of over ten billion metric tons, is one of the most important mineral products of our country. In view of its great value as the principal motive power in modern industry for the development of productive industries, the promotion of engineering industries and advancement of culture, the plan of increased production has been drawn up. That is to say, the Manchukuo Government has decided to raise the capital of the Manchuria Coal Mining Company to 80,000,000 M yen in order to enlarge its organization and to develop natural resources.

(2) Plan of increased production of iron and steel.

Iron and steel manufacturing industry is a heavy industry which makes the basis of national prosperity and the stability of livelihood of the nation and also a necessary industry for establishment and construction of cities and transportation. In Manchukuo, these materials have been imported from foreign countries till now, so the increased production plan has been drawn up for strengthening Japan-Manchukuo economic bloc by making Manchukuo self-sufficient in iron.

(3) Establishment of Liquefaction industry of coal.

As Manchukuo is endowed with an almost inexhaustible supply of coal, it is quite natural to direct her attention to the liquefaction of coal. In view of the rapidly increasing domestic demand for liquid fuel and the dearth of

petroleum resources in the country, the plan has been drawn up for the production of liquid fuel by liquefaction of coal and the coal liquefaction industry is decided to be established; the coal liquefaction company will be established with a capital of 50,000,000 M yen which will take shape within this year, for which various organizations concerned are drafting.

B. Promotion of National Economy.

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Agriculture is the backbone of Manchukuo's national economy and greatest number of our nation are farmers; so that it is needless to say that the development of her national economy rests upon the establishment of her rural economy. Consequently, the Government has been exerting every possible effort to rehabilitate the rural communities by increasing the output of agricultural products, improving their quality and farming methods, rectifying rural finances, and reorganizing the rural social structure in general.

The agricultural communities, however, are as yet in an impoverished condition and the second stage construction program has incorporated a Five-Year Agricultural Program as a fundamental measure for the rehabilitation of rural communities.

(1) Promotion of rural economy.

The present plan constitutes the foundation of the stability of livelihood of the nation and has close connection with the qualitative development of self-sufficiency policy of raw foodstuffs; and at the same time it aims to establish the diversified farming in place of the one-crop system of cultivating soya-beans in an effort to resuscitate rural economy. Therefore the rural economy will gradually promote the welfare of the people along the fundamental line of self-sufficiency policy of raw foodstuffs based on the increased output of agricultural products and conversion of crops. In the agricultural five-year plan which aims the prosperity of rural economy, the principal agricultural products whose outputs are to be increased are wheat, rice, oats, barley, lucerne, kenafe (Manchurian hemp), flax, castor-beans, cotton, tobacco, sugar beets, soya beans, kaoliang, millet, and maize.

During this year, i.e. the first year of its operation, it calls for a total expenditure of 5,000,000 M yen, comprising 3,000,000 M yen for the encouragement of an increased production and 2,000,000 M yen for the prevention of blight, the encouragement of the use of improved farming implements, the establishment of agricultural experimental stations, the cultivation of new farming lands, and the training of agricultural instructors.

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The principal agricultural products which were paid attention formerly from the point of view of conversion of crops were wheat in North Manchuria and raw cotton in South Manchuria, both of which are the most prominent articles of all agricultural products as industrial raw materials, so the Government has endeavored for their increased output and their improvement. Therefore it is proper that these two crops are treated as important in the new program.

(a) Increased output of wheat.

The increased domestic production of wheat, demand for which is yearly increasing, is absolutely essential for making Manchukuo self-sufficient in this product and for strengthening the foundation of raw material for expanding the domestic flour-milling industry. The Five-Year Agricultural Plan proposes to increase the 1936 wheat crop by 10 per cent to 1,100,000 hectares during 1937 and some 320,000 M yen have been appropriated by the Government for this purpose.

(b) Increased output of raw cotton.

The cotton cultivation in South Manchuria is determined to be carried out according to a new Five-Year Cotton Cultivation Plan which was launched in 1937 to replace the twenty-year program enforced since 1933 with the object of producing 250,000,000 kin (1 kin equals 1.32 pounds) of unginced cotton annually after 1941 from 180,000 hectares of cotton fields. Special attention will be paid to the cultivation of upland cotton in place of the native variety which is to be replaced by the former eventually as the yield from the former is far greater than that from the latter. In this connection the increasing activity of the Manchuria Cotton Association and the Manchuria Cotton Company looking forward to a complete revolution in cotton cultivation in South Manchuria is anticipated and the conversion of farmers into cotton cultivation will also be smoothly realized.

(c) Increased output of Kenafé.

Though new in Manchukuo, the cultivation of kenafé shows much promise of developing into an important industry in the not far off future. In order to encourage its production among the farmers, the authorities of Agricultural Section of the Department of Industry have purchased

kenafe seeds this year for distribution to farmers of every prefecture. The seeds purchased by the authorities of the Agricultural Section from the State-commissioned seed farms in Liaoyang-Hsien, Suifu-Hsien, Shenyang-Hsien, Yingkow-Hsien, Haicheng-Hsien, Taiping-Hsien, Fu-Hsien, Hsinmin-Hsien, Taian-Hsien, Chin-Hsien, sum up about 50,640 kilograms which are worth some 8,000 H yen. It is also planned to increase seed farm areas to 250 hectares this year.

P. 40 (d) Increased output of flax.

In order to meet the increasing demand for flax in Japan and Manchukuo, plans have been drawn up also for boosting an estimated 1937 flax production of 15,000 tons to 70,000 tons at the end of a five-year period. By the aid of the increased product of kenafe and flax, the future of hemp manufacturing industry in Manchukuo is promising.

(2) Agricultural Industry

Now by the aid of the increased outputs of all crops, the Manchukuo's agricultural economy is:

- (a) Establishing the self-sufficiency policy of raw foodstuffs, and
- (b) Completing the consecutive works of agriculture and industry by the aid of increased output of agricultural products as raw materials for industry. Thus Manchukuo is going to show that she is transferring from the former primitive agricultural country to that of agricultural industry. The tendency of promotion as well as coming to the fore of enterprises backed by the positive increased output plan of wheat, kenafe, flax, raw cotton, tobacco, sugar beets and others can be perceived by the busy working of flour-milling industry, advancement of capitals to flour-milling industry by both MITSUI and MITSUBISHI, establishment of hemp manufacturing companies, advancement of tobacco companies, rise of spinning industry and other enterprises.

III. Outline of various Construction Plans

A. Principle of drawing up budget.

The trend of the second-period positive construction activities displays itself in the principle of drawing up

budget of this year. That is to say, the national policy has not been confined to the former principles of securing sound finance, but has moved in the direction of rational and progressive development and aims at laying the foundations to the execution of the second-period construction activities at various departments, organic and effective application of national administration, as well as the provision of stiffness of finance to counteract the present emergency, paying attention to the international situations.

Furthermore, to explain briefly, as for the expenditure, the administrative expense was restricted not to expand, the expense for stabilizing and improving the national economic life of the country was appropriated in as large amount as possible based upon the positive policy in as much as it does not impair the soundness of the national economy as a whole and finally the expense for the development economical productive industries was provided by bonded borrowings. As for the national revenue, in order to cultivate the elasticity of the financial administration, the internal taxation system, customs tariff system and all the government enterprises have been adjusted both in system and in organization. And in order to make the national management most efficient as a totalitarianistic country, special attention has been paid to the consolidation and the rationalization of state finance and provincial finance.

P. 41 B. Advancement of administration.
(Matters relating to the Department of Civil Affairs)

Various enterprises under the jurisdiction of the Department of Civil Affairs will also be carried out positively in accordance with the positive national policy and the plan of the first year of Five-Year Plan, i.e., the plan of this year, was drawn up especially to carry out following matters:

- (1) Exhaustive clean-up of districts in bad public peace and order and their restoration activities.
- (2) Penetration of administration and thorough activities of construction in the districts in good public peace and order -- activity for the encouragement and improvement of towns and villages.
- P. 41 (3) Facilities for Japanese immigrants.
- (4) Full execution of public works administration and public works.
- (5) Adjustment of both State and provincial finances as the result of setting up provincial expense.
- (1) Facilities in the districts in bad public peace and order.

Taking the peace preservation, the first important

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matter, to endeavor to settle the foundation of administration, to take fundamental counter-measure for the districts where both political and thought bandits have not been extirpated yet, and to take necessary activities for it and also to expand and strengthen various facilities for it.

- (2) Activities for the encouragement and improvement of towns and villages.

The administration under the old regime was nothing other than the means of exploitation, and there has been no righteous application of administration, consequently the interests of the nation were far from the administration as the people themselves know the matter quite well. That is saying a good deal how this bad impression in the past affects the civil administration at present.

Therefore it is an urgent need in our country to apply the administration righteously and to make various facilities for the sake of the stability of people's life.

With such objects, the government is going to penetrate various activities of public peace and order in the districts in bad peace and order, to establish various cultural facilities in the districts in good peace and order, to extend the terminus of administration from provinces to towns and villages, to reorganize the society of mass generated spontaneously to a modern public corporation and to make economical and administrative activities smooth. To attain these purposes, the government is going to undertake to distribute excellent leaders in nearly 3,300 towns and villages of seventy provinces chiefly in South Manchuria and to educate the leading people of these towns and villages as public corporations in collaboration with police overseer, industrial engineers and school inspectors of the prefectures by the assistance of governors and secretaries and also to take leadership of administrative activity, economical activity and "Pao-chia" (translator's note: Vigilance body) system, to rationalize the charge of the people and to make efficient use of the expenses of towns and villages.

- P.41 (3) Facilities for the emigrants.

As the national policy of both Japan and Manchukuo, in twenty years 1,000,000 households and 5,000,000 Japanese nationals will emigrate to Manchukuo. For that purpose, planting land must be selected and welfare facilities must be expanded.

- (4) Unification of public works administrative organization.

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As for the unification of the public works section of the Department of Civil Affairs and the Bureau of National Road under direct control of State Council, it was investigated beforehand and decided to unite both together to establish Bureau of Public Works as an attached bureau to the Department of Civil Affairs and to take charge of public works administration and public works.

(5) Establishment of provincial expense.

From this year, provincial expense will be established which includes business tax and additional tax of corporations and other definite source of revenue as well as the subsidy. For the application of this expense, a part or most part of administration of police, sanitation, public works, education, encouragement of industry, social work has been executed by the national expenditure, is to be executed independently as well as the provincial government will be empowered to manage the finance of prefectures and cities independently to let it carry out the administration which meet the need of special conditions of provinces.

4.1 C. Industrial development.

The Departments of Industry and Mongolia Administration which manage the industrial development have drawn up Five-Year Industrial Plan respectively and started its execution this year.

The outline of this plan has been explained before. In the fields of mining and metallurgical industries, exploitation of new resources and possible expansion of the present facilities will be carried out with the aim of self-sufficiency of iron and steel of both Japan and Manchukuo; and for liquid fuel positive policy is being designed. For the motive power in accompany with the industrial development, new establishment of hydro-power electric station in addition to the coal power plant is designed and its definite plan has been obtained. Further special attention has been paid to mechanical industry and chemical industry.

In the fields of agriculture and livestock too, epoch-making advancement is aimed as explained before. As for the fields of agriculture and livestock, the Department of Mongolia Administration, in close association with the Department of Industry, has designed a Mongolia agricultural development plan in order to improve the existing out-of-date and primitive methods of agriculture along modern lines which shall be put into operation this year.

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As the measures of announced increased production and encouragement,

1. Establishment of common tribe,
2. Establishment of designated tribe,
3. Promotion of lead organization,
4. Means of encouragement of development,
5. Arrangement of fundamental facilities,

will be taken into consideration.

For the sake of improvement and increased breeding of sheep and goats which constitute the most important source of live stock, efforts will be directed to the improvement and increased breeding of 2,000,000 head of native sheep; and in accordance with the five-year industrial plan, the government plans to produce 2,740,000 head in all of both native and improved sheep and 2,980,000 metric tons of wool after five-year period in Mongolia.

P.41 D. Plan of finance and money market.

(1) Internal taxation system.

The internal tax system provides at present with the character of modern taxation system, having completed the nation-wide rearrangement and unification by last year and reformed the out-of-date system.

P.42 Furthermore, the Government is designing to rearrange provincial tax system, maritime customs, state monopoly system, to investigate closely the real bearer of tax burden, and to endeavor to lessen and to allot rationally the burden for the livelihood of the nation and the industrial economy and at the same time to establish national and elastic taxation system taking into consideration the case of emergency.

P.42 (2) Customs tariff system.

Since the taking control of maritime customs, revision was made many times for the customs tariff which might obstruct the industrial development of Manchuria or oppress the nation's livelihood, and various facilities for the advancement of foreign trade have been provided, with the result the foreign trade increased year by year, the settle accounts of trade was getting better in recent years, revenue from customs is increasing incessantly. All of these facts are really the evidence of the sound development of Manchukuo.

Furthermore, the fundamental revision of customs tariff system and at the same time the improvement of import and export duty system will be effected with a view of encouragement of internal productive industry, rational adjustment of Japan-Manchukuo trade, lessening of the burden of the nation.

. 42 (3) The State monopoly system.

The monopoly system of Manchukuo was formerly confined to opium, petroleum, and a part of salt output of the nation, but since this year (1937) the country's entire salt production and matches have been also placed under Government monopoly, and as the result of reduction of price of salt from MY 10.16 per 100 chin (1 chin equals one-half kilogram) to MY 7.95, the burden of the nation is lessened as much as some 6,000,000 MY yen. Hereafter the application of these monopoly system will be directed to the rational adjustment of price, increase of production, and smoothness of distribution which will accord with the purpose of public interests and also national defense as well as hasten the realization of the purpose of monopoly system.

. 42. (4) Money market.

In accordance with the fundamental policy of the second-period construction plan, in order to adopt a prudential policy for the smooth action of money market, the Government designed to bring the organization of the new Industrial Bank of Manchou into active play and to leave nothing regretful in the industrial money market in company with the monetary operation of the Central Bank of Manchou; at the same time, the Government laid a plan ~~rather~~ to rearrange and strengthen the local ordinary banks, to increase rural cooperative credit associations, to establish newly urban cooperative credit associations, to manage to bring these associations into full play, to reduce the rate of interest in order to assist the monetary activities of middle and small scale commercial and industrial men as well as farmers.

(5) Reform and rearrangement of judicial system.

The Department of Justice, which has been pushing on the aim of reorganization and firm establishment of the judicial system, is still endeavoring for the firm establishment of the system and codification or enactment of laws to provide for the removal of extraterritorial jurisdiction, the new criminal law was promulgated in January of this year and shall be put into operation from March 1 on, the memorial day of the five-year anniversary of foundation. And now the Department of Justice is still pushing to the prompt enforcement of

following items for this year on.

(a) Completion of various codes.

Next to the criminal law, such important laws as civil law, commercial law, law of criminal procedure are expected to be promulgated at the middle of this year.

(b) Reorganization of judicial organ in the prefectures.

(c) Improvement of personnel in accompany with it.

(d) New establishment of supreme court, high court, district court, sub-district court and prosecutor's office.

(e) New establishment of Mukden prison for foreigners.

(f) New establishment of procurator's office to the Pushun court.

(g) New establishment of Harbin prison.

42 (6) Transportation and Communication.

It is the rearrangement of transportation which has developed most remarkably since the foundation of Manchukuo. The length of railroads, which play an important role in the various construction activities is going to be more than ten thousand kilometers within this year, ten times longer than the one thousand kilometers in 1911 (the time when the South Manchurian Co. started its administration).

The Department of Communication has designed a five-year plan of positive establishment of private railroads and has the policy of granting nearly one hundred kilometers in five years, and for that purpose in three years hereafter the investigation will be made as for the economical value, expense of establishment and transportation capacity of twenty-six lines, total length of which sums up two thousand five hundred kilometers.

As for the motor traffic roads among ten thousand kilometers of state highways which has been planned to be constructed in five years, those which have direct relations to the local economy will be positively investigated, and those which may be recognized as main lines according to the previous policy, which may be substitute of railroads, or which have close relation with the state railroad shall be

displa^{nt} under the state management and managed by the Bureau of Railway Affairs of Railways. The other roads shall be entrusted to the civil enterprise and the policy shall be taken to entrust one road to one company.

As for the postal administration, Five-Year Postal Administration Plan has been drawn up with an aim of extension of postal organizations and the government is endeavoring to achieve it.

The Postal Law promulgated at the end of last year was put into effect on April 4 of this year, aims at the abolition of money-making management policy of the old regime, insistence of the publicity of the nature of enterprise, and special attention to the safeguards of right of the people, taking the interests of the people into consideration.

P.42 (7) Rearrangement of the National Army.

The National Army, as the result of five years effort since its foundation, has been well organized in both form and matter and won confidence of the nation as well as applause of the friendly army, but it is further striving to the completion of the national defence and preservation of public peace and order.

(a) Conscription.

In order to improve the standard of the national army in view of getting strong soldiers, taking after the conscription system of the Senior powers, the details of conscription suitable for the conditions of Manchoukuo have been decided.

(b) Training of youth.

In order to train both mind and body of the youth, to nourish sound nation, and to promote their ability of guard and preservation of national defence, youth training law has been promulgated by the joint ordinance of Departments of Civil Affairs, Mongol Administration and Military Affairs, whose enforcements was entrusted to concordia associations.

(c) Reclamation system.

P.43

With a view to give veterans the place for peaceful living to make them good people, and to make those places as the base of local guard, let them reclaim a part of military districts from last year. As it has brought good result, expanding this enterprise in future, the government has decided to establish reclamation corps in every military district as well as guard district of Hsingan.

(8) Education.

P.43

The Department of Education, taking into consideration of the present state of matters, is making its best exertions in order to cultivate patriotic sentiment, to exhibit the true characteristic of national spirit and to

display the true meaning of the foundation of our country.

The policy of education lies in the thoroughgoing of both spiritual and industrial education. It is the fundamental characteristic of our education to promote the business education, to cultivate the custom of fondness of labor, to contribute to the development of industrial economy, by the cultivation of human character and morality.

Based on the announced objectives, following plans are drawing up:

- (a) Promulgation of education system and various preparations for it.
- (b) Arrangements of higher educational organs. Reorganization of Harbin Higher Technological School. Inauguration of Hsingking Medical College (transferred from Kirin).
- (c) Appointment of Japanese prefectural school inspectors. To distribute them to the special ten prefectures from this year. In future each one will be distributed in each prefecture of the whole country.
- (d) Rearrangement and promotion of teachers' training system. Training of Japanese teachers and business school teachers of middle schools. Examination for the license of teacher.
- (e) Establishment of cultural institution.
- (f) Compiling of the history of foundation of Manchoukuo.
- (g) Enactment of outline of social education.
- (h) Matters relating to firm establishment of religion system.

(Doc. 2332)

C E R T I F I C A T E

W.D.C. No. _____

I.P.S. No. 2332

Statement of Authenticity

I, Toru Nakagawa, hereby certify that I am officially connected with the Japanese Government in the capacity of the Chief of the Continental Affairs Section, Overseas Residents Division, Control Bureau, Foreign Office, and that as such official I have seen and know the document attached hereto and described as follows: Official Gazettes of the Manchoukuo Government for February, 1937. I further certify that the attached document is the official publication of the Manchoukuo Government.

Signed at Foreign Office

on this 17th day of July, 1946.

Witness: /s/ A. A. Muzzey

/s/ Toru Nakagawa (SEAL)

Chief of the Continental Affairs
Section, Overseas Residents
Bureau, Control Division,
Foreign Office.

I, Robert Teaze, hereby certify that ATIS Document No. SA 10090, Item 29, described as follows:

"Official Manchuria Government Gazette (MANSHUKOKU SEIFU KOHO)", Feb 1937.

was obtained by me in the course of my official duties from East Asia Research Institute and on 11 Jun 1946 was delivered to Mr. E. P. Monaghan of the International Prosecution Section.

Date 18 July 1946

/s/ Robert S. Teaze
ROBERT S. TEAZE
2d Lt., AUS
ATIS Document Section

(Doc. 2332)

Statement of Official Procurement

I, Edward P. Monaghan, hereby certify that I am associated with the General Headquarters of the Supreme Commander for the Allied Powers, and that the attached document, IPS No. 2332, Manchoukuo Government Bulletin, Feb. 1937, was obtained by me from Lt. Robert S. Teaze, ATIS Document Section, in the conduct of my official business.

Signed at Tokyo on this
27th day of August, 1946.

Witness: /s/ R. H. Lark

/s/ Edward P. Monaghan
Name

Investigator, I.P.S.
Official Capacity